



# United States Attorney Southern District of Texas

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## U. S. Attorney's Briefing

Allegations of criminal wrongdoing on the part of public officials, including officials with law enforcement responsibilities, involve exceptionally serious consequences. Prosecutors in the Public Integrity Unit of the Special Prosecutions Section work with federal, state, and local agents to investigate

charges of official corruption. Such prosecutions have resulted in the conviction, and imprisonment of numerous officials including members of the state judicial system, law enforcement agents, elected officials, and government employees.

Additionally, the Section has an Organized Crime Strike Force Unit which coordinates investigations of organized crime elements. OCSF Unit prosecutions have recently involved prosecutions of a labor union official, Asian gangs, gambling, and international prostitution organizations.

The Special Prosecutions Section also focuses on criminal violations of environmental law and civil rights. Although based in the Houston Division, the Environmental Unit works with federal and state agencies to investigate and prosecute environmental crimes throughout the District. Such prosecutions include criminal conduct concerning the release of hazardous waste into the waterways of the U. S., illegal importation of freon, and violations of the laws protecting endangered species.

The Civil Rights Unit, also under Special Prosecutions, prosecutes law enforcement officials who violate the civil rights laws of the U. S. and conducts training for agents. The Unit also participates in working groups and task forces with various local, state, and federal law enforcement agencies such as the Houston Area Hate Crimes Working Group, the Violence Against Women Act Working Group, and the FACE Task Force which coordinates investigations of crimes committed against clinics providing abortion services. Recent prosecutions include state prison officials, a federal agent who sexually assaulted an undocumented alien, and a local police officer who tried to steal money from a person under arrest.

The cases summarized in this monthly report exemplify the effectiveness of the prosecutions in the Special Prosecutions Section. You will be able to access this report and additional information concerning our activities through our Web site: <http://www.usdoj.gov/usao/txs>.

*Mervyn M. Mosbacker*

## Special Prosecutions

**Criminal prosecutions involving civil rights, public corruption, organized crime and environmental laws are the responsibility of the Special Prosecutions Section**

### Scheme to Extort Cash from Businesses

Four men were indicted for conspiracy to obstruct, delay, and affect commerce by extortion. The indictment charges the defendants with conspiring to obtain money from Vu Bida Billiards through the wrongful use of actual and threatened force, violence and fear. Three of the defendants are under arrest, Hien Tan Hoang remains at large and is considered armed and dangerous. David Van Nguyen, who pled guilty and is scheduled to be sentenced on August 25<sup>th</sup>, admitted to U.S. District Judge Sim Lake that he and others extorted money from the owner of Vu Bida Billiards, demanding \$400 a month in protection money. Federal and state authorities will continue to pool their resources and swiftly respond to complaints of alleged extortionate conduct against business owners in the Houston community. It is believed that many small business operators are forced to pay money, goods, or services to individuals or gangs in exchange for guarantees of safety and peace in order to keep their businesses in operation. These crimes often go undetected because the victims fear reprisal or do not fully trust law enforcement. U.S. Attorney Mosbacker and the law enforcement community are reaching out to victims of economic extortion and ask anyone having information about such crimes or the whereabouts of Hoang to call the local FBI office at 713/693-5115. Trial is set for July 10<sup>th</sup> before U.S. District Judge Sim Lake. Each defendant faces up to twenty years imprisonment and up to a \$250,000 fine. AUSA: Edward F. Gallagher; AGENCY: FBI & Harris County Sheriff's Office.

### TDHCA Board Member Charged with Bribery

A board member of the Texas Department of Housing and Community Affairs (TDHCA) and her business partners were indicted for bribery, theft, mail fraud and money

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laundering. The indictment alleges the board member was accepting money and property in exchange for her support of an application for tax credits submitted to the TDHCA board which voted on approval of those applications. The seven count indictment charged that between January 1997 and May 1998, she conspired with co-defendants to form a company which would be a part of a development team that would submit a proposal to TDHCA to build low income housing, the award of which would result in receipt of valuable tax credits. She faces up to 55 years imprisonment and fines up to \$2 million. AUSA: Gary L. Cobe; AGENCY: FBI & DPS.

**Prostitution Smuggling Ring**

Seven individuals from Houston and Thailand were charged in a twenty-six count indictment with conspiracy, importing females from Thailand into the U.S. for prostitution, importing Chinese nationals into the U.S., obtaining immigration documents by fraud, and transporting illegal aliens. The indictment alleges that between May 1998 and May 2000, an international smuggling ring based in Bangkok, Thailand, imported females from Thailand and Chinese nationals into the U.S. The leader of the organization used his contacts with immigration officials in Bangkok to facilitate the movement of aliens out of Thailand. The females from Thailand were expected to work at modeling studios in Houston until their smuggling fees were paid in full. The Chinese nationals also had to pay a smuggling fee to get into the U.S. Each defendant is facing up to ten years imprisonment for each charge relating to transportation of aliens for prostitution and immigration document fraud and fines up to \$250,000 for each charge. AUSA: Edward F. Gallagher; AGENCY: INS & FBI.

**Four Convicted for Operating an  
Illegal Gambling Business**

Kenneth Miller, 38, Houston, Jeffrey Lynn Warren, 40, Houston, Thomas Whelan Malloy, 28, Boston, and Joseph Figueroa, 28, Boston, were convicted for operating an illegal gambling business in Houston between September 1995 and March 1997. The defendants admitted to U.S. District Judge Lynn N. Hughes to conducting, financing, managing, supervising, directing, and owning all or part of a sports betting business that also violated Texas gambling

statutes. Search warrants by HPD officers revealed a sophisticated computerized network server connecting each defendant to an operation that collected over 18 million dollars in wagers during the above time period. Each defendant faces up to five years imprisonment and fines up to \$250,000 for each count when sentenced on August 14, 2000. AUSA: Edward F. Gallagher; AGENCY: FBI & HPD Vice Section.

**Dumping Fuel Oil Residue in Atlantic**

Captain James Edward Bise and Chief Engineer Ronald Barber were sentenced by Judge Lee H. Rosenthal for their part in the dumping of 50 gallons of fuel oil residue in the Atlantic Ocean. Bise and Barber instructed their crew to dump the fuel oil mixture, which was mucked out of a fuel tank prior to repair, on a trip from Israel to Galveston. Barber and Bise who pled guilty to the MARPOL felony, each received a year probation and a total of 300 hours community service. The prosecution indicated that this type of behavior which was common place in the past would no longer be tolerated. Judge Rosenthal directed the defendants to use their community hours to educate the maritime industry about the results of engaging in this prohibited conduct. AUSA: Joe Magliolo; AGENCY: U.S. Coast Guard.

**Prison Sentence for Importing Freon-12**

Kenneth Lloyd McManus, a businessman from Denver, was sentenced to nine months for smuggling freon. The nine-month sentence was ordered to be served concurrently with several state sentences McManus is serving in Colorado. As a special condition of supervised release, the court ordered that McManus was to have no involvement with ozone-depleting controlled substances. McManus pled to illegally importing 2,400 pounds of dichloro-difluoromethane, also known as R-12 and CFC-12 and by the tradename Freon-12, from Saudia Arabia into the U. S. McManus owned a commercial air-conditioning business in Denver. AUSA: John Emerson & Joe Magliolo; AGENCY: EPA & U. S. Customs.

**Agent Sentenced in Murder for Hire Plot**

Salvador Michael Martinez, former DEA Agent was sentenced to 87 months by U. S. District Judge George Kazen in Laredo, Texas.

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18A \*\*\* Houston Chronicle Saturday, May 6, 2000

**Downfall of a DEA agent**

Jan. 20, 1995: Lionel "Bruno" Jordan, 27, is gunned down in El Paso and the new truck he was driving is stolen. Jordan was the brother of Phil Jordan, chief of the Dallas office of the Drug Enforcement Administration who was about to become director of the El Paso intelligence center.

Jan. 21, 1995: Police arrest Miguel Angel Flores, 13, a Mexican citizen. Investigators later theorize he was hired by a Juarez car theft ring. The Jordan family believes it was a hit backed by a drug cartel.

June 1, 1995: Flores is convicted in the murder of Bruno Jordan and sentenced to 20 years in prison. The decision is later overturned by the Texas Supreme Court.

Oct. 30, 1998: Mistrial is declared in the retrial of Flores for the capital murder of Bruno Jordan. A second retrial in May 1999 also ends in a mistrial. Flores is freed and deported to Mexico later that month at age 17.

Dec. 15, 1999: Salvador Martinez, a DEA agent based in Monterrey, Mexico, is arrested in Brownsville. The FBI office in McAllen accuses him of trying to arrange the killing of Flores to avenge the slaying of his cousin, Bruno Jordan.

Feb. 3, 2000: Martinez pleads guilty in the murder-for-hire case and faces a sentence of up to 10 years in prison.

May 5, 2000: Martinez is sentenced to seven years in federal prison. He declines a Laredo judge's offer to ignore his guilty plea and let him prove his innocence in a trial.

Martinez was charged in December with hiring an individual to kill Miguel Angel Flores, a suspect in the carjacking murder of his cousin in El Paso in 1995. This February, Martinez pled guilty to one count of the Murder for Hire statute, under Title 18, United

American people, breaking the very laws he was sworn to uphold with the intent to harm another. His behavior was outrageous and unacceptable. Fortunately, it is an aberration. We are very proud of our DEA and other federal law enforcement agents working here in the United States and in other countries. They work hard and put their lives on the line every day in order to protect this country. This incident should not tarnish their reputation. We are, however, committed to prosecuting this kind of serious criminal behavior wherever we find it. I am thankful for the FBI's handling of this sensitive investigation and for the cooperation of the DEA in this case." AUSA: Mary Lou Castillo; AGENCY: FBI & DEA.

## MAJOR CRIMES SECTION

### Community College Director To Serve 78 Months For Child

**Pornography**  
Charles Scott  
Dembowski, a

Columbus, Ohio community college program Director of Paramedics, was sentenced to 78 months in federal prison by U. S. District Judge Sim Lake. Dembowski pled guilty to transporting child pornography in interstate commerce and one count of travel with intent to engage in sexual act with a juvenile. Dembowski traveled from Columbus, Ohio to Houston, Texas to meet an HPD officer who was portraying himself as a 13 year old boy on the Internet earlier this year. AUSA: Eric Smith; AGENCY: FBI.

### 5 Years For Possession of Child Pornography

Donald Rapier pled guilty to a two-count indictment which charged him with interstate transportation of child pornography and possession of child pornography. These charges stemmed from an investigation by the U.S. Customs Service which resulted in the detention of Mr. Rapier's computer on July 4<sup>th</sup> as he re-entered the United States from a trip to Bangkok, Thailand. U.S. District

States Code, Section 1958. According to the Plea Agreement, Martinez agreed to and stipulated that the following facts are true and correct:

Martinez and the DEA source agreed that if the source would arrange for Flores to be killed, Martinez would give him a .38 caliber semi-automatic pistol and future payments of \$10,000 "investigative expenses". In September 1999, Martinez contacted the source by phone and the two agreed to meet in McAllen. Martinez met with the source, handed him an envelope and indicated that the envelope was regarding "El Primo" (Spanish for "the cousin"). From October to December a series of conversations between Martinez and the source were recorded with the assistance of the FBI, which substantiated the existence of the agreement to kill Flores.

On December 20th, after searching Martinez' office located at the U. S. Consulate in Monterrey, Mexico, agents found a videotape which contained news clips of the murder/carjacking in El Paso. The clips included what appeared to be courtroom coverage of the accused and intended victim. A Polaroid photo of Flores, which appeared to be identical to the one Martinez had provided the source was found. After viewing the tape, it became apparent that the Polaroid photo was taken from the videotape. Also found was chronology of events relating to the murder which included the address of the intended victim as provided by Martinez to the source.

U. S. Attorney Mosbacher stated, "This case is about a law enforcement agent who violated the trust of the

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Judge Nancy Atlas sentenced Rapier to 5 years for each count, to run concurrently and a \$6,000 fine. AUSA: Daniel C. Rodriguez; AGENCY: U.S. Customs.

### **Man Sentenced For Using Internet To Entice Minor To Engage in Sexual Activity**

Shelby Stocks, 23, was sentenced by U.S. District Judge Hittner to two years in prison. Stocks was convicted by a federal jury in February of using the Internet to entice, persuade, induce or coerce a minor to engage in sexual activity. A complaint was made against Mr. Stocks by a man alleging that Mr. Stocks had contacted his 14 year old daughter to go to a hotel. This is the first child enticement case brought to trial under U.S.C. Section 2422b. AUSA: Julie Stern; AGENCY: FBI & HPD.

### **Guilty Plea To Possession of Child Pornography**

Daryl Lee Brewer, of Houston, pled guilty before U.S. District Judge Sim Lake to one count of possession of child pornography. The maximum penalty for a violation of that statute is up to five years and a fine of up to \$250,000. Brewer will be sentenced before Judge Lake on August 10th. AUSA: Charles J. Escher; AGENCY: FBI & U.S. Customs.

### **Chicago Man Indicted For Child Exploitation**

A four-count indictment filed last month charges a Chicago man with traveling in Interstate Commerce for the purpose of engaging in sexual activity with a minor. The indictment also charges traveling in Interstate Commerce for the purpose of child pornography and attempted sexual child exploitation. The facts established at his bond hearing showed that the man carried on a sexually explicit relationship over the Internet with a person whom he believed to be a 12 year old girl. He traveled from Chicago to Houston to meet this girl in order to engage in sex with her bringing a laptop computer with him on his trip from Chicago to Houston which contained over 1000 images of child pornography. He also brought a digital camera with which he admitted he intended to take sexually explicit photos of the minor. AUSA: Julia Bowen Stern; AGENCY: FBI & HPD.

### **Mississippi Man Indicted For Interstate Travel With Purpose of Engaging in Sexual Act With Minor**

A federal grand jury returned an indictment against a 46-

year-old from Biloxi alleging that he traveled in interstate commerce for the purpose of engaging in a sexual act with a minor, in violation of Title 18, United States Code, section 2423(b). The maximum penalty for the offense is up to 15 years in prison and a fine up to \$250,000. AUSA: Charles Escher; AGENCY: FBI & HPD.

### **TEXAS ★ EXILE GUN CRIME MEANS HARD TIME**

The U. S. Attorney's Office and federal, state and local law enforcement agencies are working with the Texas Attorney General's Office to enhance prosecution of armed criminals. To insure armed gun criminals and gun law violators are prosecuted, two Special Assistant U. S. Attorney's have been added to our staff through a cooperative agreement with the State. The two prosecutors along with our seasoned veteran prosecutors continue to take armed criminals off the streets.

### **Galveston Man Sentenced to Nine Years for Unlawful Possession of Firearm**

Milton T. Watson, 32, was sentenced by U.S. District Judge Vanessa D. Gilmore to serve 108 months and fined \$2,000. Watson entered a guilty plea in January to a charge of possessing a firearm after having been convicted of a felony. Watson was convicted of drug possession and firearms charges in Galveston District Court in 1991. Watson's supervised release on the Galveston conviction was revoked and he was sentenced to serve 12 months consecutively to the Houston sentence. HPD Narcotics officers used an informant to make an undercover purchase of drugs from Watson. After his arrest, officers searched his residence and found additional drugs and three firearms. AUSA: Richard K. Harris; AGENCY: ATF & HPD.

### **Man Sentenced Over 5 Years for "Straw Purchase" of Handguns**

Redrick Batiste, 21, was sentenced by U.S. District Judge Lee H. Rosenthal to seventy-one months imprisonment and ordered to pay \$3,000 in restitution. On January 11<sup>th</sup>, Batiste was convicted of five counts for making false statements to a Federally licensed firearms dealer. Batiste recruited a friend to act as a "straw buyer" and buy eleven handguns for him. He purchased the handguns from



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Champion Firearms Corporation in College Station and had them delivered to a range in South Houston where he picked them up. On each occasion Batiste paid for the firearms and his companion falsely filled out the ATF Form 4473s stating the firearms were for her. Both Champion and Marksman are Federally licensed firearms dealers. AUSA: Abe Martinez; AGENCY: ATF.

### **5 More Years Added to Drug Trafficking Sentence for Carrying a Firearm**

Elvin Toliver, Jr., 26, was sentenced by U. S. District Judge Melinda Harmon to serve 60 months for carrying a firearm during a drug trafficking crime. The sentence will be served consecutively to a state sentence that Toliver is serving on related drug charges. Judge Harmon also imposed a fine of \$1,000. On August 18<sup>th</sup>, Houston Police officers received information that the defendant was dealing drugs in the parking lot of a Ramada Inn located in Houston. The officers set up a surveillance and observed the defendant selling drugs from his car. The drugs were hidden in the engine compartment of the defendant's car. As the defendant began to leave the Ramada Inn, the officers approached the defendant and asked for permission to search his car. After the defendant signed a consent to search form, the officers searched the car and found crack and powder cocaine in the engine compartment of the car and a 12-gauge shotgun in the front passenger seat of the car. Toliver pled guilty to the charge. AUSA: Richard K. Harris; AGENCY: ATF & HPD.

### **TEXAS EXILE: Convictions - Felons in Possession of Firearms**

Guillermo Motta, 39, was convicted by U.S. District Judge Kenneth M. Hoyt of the offense of felon in possession of a firearm. Motta will be sentenced on September 5<sup>th</sup> by Judge Hoyt. On March 26<sup>th</sup>, officers from the Houston Police Department were dispatched to Watonga in reference to a call of shots fired. When the officers arrived, they saw the defendant. Motta began walking away from the officers and they observed him drop a Davis 380 caliber handgun.

Jesus "Jesse" Gonzalez, 20, was convicted by U.S. District Judge Nancy Atlas in a court trial of possession of an unregistered firearm. Gonzalez will be sentenced by Judge Atlas on September 1<sup>st</sup>. On March 2<sup>nd</sup> HPD

officers responded to a call of shots fired at Little York. When they arrived the Gonzalez was identified by witnesses as the shooter. His vehicle was stopped and he was found to be combative and intoxicated. Officers found a sawed-off shotgun with a 13 inch barrel in the trunk of his car. These prosecutions are part of the Texas Exile program through a cooperative agreement with Texas Attorney General Cornyn. AUSA: Jay Hileman; AGENCY: ATF & HPD.

### **TEXAS EXILE: Indictments on Firearms**

U.S. Attorney Mervyn Mosbacker and Texas Attorney General John Cornyn announced that indictments were returned from a federal grand jury charging four Houston area men under the Texas Exile program. The first indictment charged 21-year-old man with one count of possession of a firearm by a convicted felon, 9mm semi-automatic pistol. The second indictment charged a 25- year-old with one count of possession of a firearm by a convicted felon, a 31 caliber snub nose revolver. The third indictment charged 40 year-old with one count of possession of a firearm by a convicted felon, namely a 12-gauge shotgun. A 26-year-old citizen of Jamaica, was charged with possession of a firearm while being illegally in the U.S. The defendants each face up to 10 years in prison and a fine of up to \$250,000. The final indictment charged a 26-year-old with one count possession of a controlled substance with intent to distribute and one count of carrying using a firearm in connection with a drug trafficking crime. If convicted on the first count he faces up to 20 years in prison and a fine of up to \$1 million. If convicted on the second count, a mandatory 5 year sentence can be added on to any sentence received on the first count. AUSA: Ashley Chapman & Richard Harris; AGENCY: ATF & HPD.

### **MAJOR CRIMES**

**Federal prosecutions have been brought against bank robbers, arsonists, and others who use violent means for criminal ends.**

### **Texas Prison Inmate Indicted For Violent Threats to Federal Judge**

Michael R. Jackson, 31, presently imprisoned in the Winn Unit of the Texas Dept. of Criminal Justice on habitual burglary and assault convictions, was indicted by a federal

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grand jury for 2 felony counts of mailing threatening letters to a federal judge and district clerk. The indictment alleges that about July 6<sup>th</sup>, Jackson mailed two hand-written letters to Federal District Judge Mary Robinson and Federal District Clerk Nancy Doherty, both of the Northern District of Texas in Dallas. The letters each contained numerous threats of kidnaping, specific sexual assaults, and life threatening bodily injuries against both Judge Robinson and Clerk Doherty, that were to be carried out once Jackson is released from state prison. Jackson had filed three civil suits in Judge Robinson's Court, which made allegations about his alleged mistreatment while in state prison. Judge Robinson dismissed all three of Jackson's civil suits as frivolous. Jackson's threatening letters were sent to the judge and clerk in retaliation for the judge's dismissal of his three civil suits. If convicted, Jackson could receive up to 5 years in federal prison per count plus a fine up to \$250,000.00. AUSA: Mike Schultz; AGENCY: FBI.

**Man Convicted For Internet Threats**

Eduardo Morales of Houston was convicted by a federal jury of transmitting threats over the Internet. The jury found that Morales made a threat to kill teachers and students at Milby High School. A woman in Washington state reported the threat to authorities. Morales faces up to five years incarceration as well as a fine of \$250,000. Morales will be sentenced before U.S. District Judge Werlein on August 25<sup>th</sup>. AUSA: Andrew Bobb; AGENCY: FBI, HPD & H.I.S.D. Police.

**Bank Robber Sentenced to 37 Months**

John Garth Cates received thirty-seven months from U. S. District Judge Vanessa Gilmore after he pled guilty to bank robbery. This case arose from an investigation by the Houston Area Bank Robbery Task Force into the Chase Bank robbery by a lone white male. The robber entered the bank, approached a teller, and presented a note that he was armed and would shoot her if she did not place all the money in a bag. The teller complied with the demand note and Cates left the bank. Officers responded to the call and apprehended Cates outside the bank. AUSA: Daniel C. Rodriguez; AGENCY: Houston Area Robbery Task Force; FBI, HPD & Harris County Sheriff's Office.

**Weed & Seed: Woman Sentenced for Interstate Transportation of Stolen Motor Vehicle**

Emiliana De Lora, a 31 year-old resident of Queens, New York, was sentenced to serve 21 months in custody followed by 2 years of supervised release by U. S. District Judge David Hittner. The defendant, a resident alien from the Dominican Republic, faces possible deportation after being released from prison. De Lora was one of twenty defendants indicted for transporting stolen motor vehicles from the New York City metropolitan area to Houston. Emiliana De Lora and at least nineteen other people conspired to steal motor vehicles in the New York City metropolitan area and transport the stolen motor vehicles to Houston and other destinations where the motor vehicles were either sold in the U.S. or transported out of the country. The conspirators used fraudulent and counterfeit titles from New York, New Jersey, and Pennsylvania and counterfeited and cloned (VIN) numbers. AUSA: Richard K. Harris; AGENCY: Gulfport Weed and Seed Task Force, HPD Auto Theft Division & New York City PD.

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**IMMIGRATION**

**People charged with Federal crime of illegal reentry after deportation are convicted felons, usually with long histories of violent crime, drugs and prior deportations.**

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**Smuggling Undocumented Persons**

Jose Sanchez-Mendoza was sentenced to 18 months by U.S. District Judge Nancy Atlas after pleading guilty to transporting undocumented aliens. HPD Officer Breaux, noticed suspicious activity around two vehicles in the 9200 block of West Bellfort, investigated and found fourteen undocumented persons hiding under a tarp in the bed of a truck. Sanchez admitted to INS Special Agent Paredes that he had driven the fourteen from Eagle Pass to Houston in return for payment of \$800.00. Several of the aliens confirmed that Sanchez was the driver of the truck. AUSA: Douglas Davis; AGENCY: INS & HPD.

**Jordanian National Indicted For Passport Fraud**

A 27-year-old from Jordania, residing in Houston, was indicted for making a false statement in an application for a

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U.S. passport. He was previously indicted for transporting two stolen motor vehicles from Toronto, Canada to Houston. If convicted of the charges, the defendant faces a maximum of ten years and a fine of \$250,000 on each count. AUSA: Richard K. Harris; AGENCY: FBI & HPD.

### ILLEGAL REENTRY SENTENCINGS

Marco Tulio Cavieles-Godoy, Honduran, was sentenced to 85 months after he was found guilty of illegally reentering the U. S. after deportation with prior convictions for theft, indecency with a child, burglary of a habitation, drug possession and escape. Saul Jesus-Vargas of El Salvador, was sentenced to 77 months after having been found guilty of illegally reentering the U.S. after deportation with prior convictions for theft, possession of cocaine, trespassing. Eric Ernesto Quintanilla, 24, of El Salvador, was sentenced to 77 months after his conviction of illegally reentering the U. S. after deportation with five prior felony convictions for delivery and possession of cocaine and escape. Roberto Nolasco Rivera-Garcia, a Mexican citizen, was sentenced 70 months after he was found of illegally reentering the U. S. after deportation with five prior convictions for driving while intoxicated and possession of a weapon. Celestino Navar-Torres of Mexico was sentenced to 57 months after having been found guilty of illegally reentering the U.S. after deportation with prior convictions for theft, cocaine, evading arrest, and unauthorized use of a motor vehicle. AUSA: Douglas Davis; AGENCY: INS.

is a member of the Moreno-Riojas drug trafficking organization based out of Starr County. A federal grand jury in Houston indicted Ramirez along with 78 other members of this organization in 1996. Ramirez, a leader of his own drug enterprise, coordinated and oversaw the distribution and transportation of marijuana to Houston for redistribution and to customers in other states such as Ohio. A court authorized wire interception on the residence of one of the kingpins of the organization in Starr County led federal law enforcement officers to a site in Damon, TX operated by Ramirez as a location for the storage of marijuana prior to its distribution. Federal law enforcement officers executed a search warrant at the location and seized approximately 465 pounds of marijuana. Previously, approximately 3,000 pounds of marijuana had been imported from Mexico and was stored at a residence in Starr County, Texas. Of that amount, Federal law enforcement officials seized 1,728 pounds of marijuana. In addition, Ramirez was sentenced to 20 years to run concurrent with his 27 years sentence as a result of his conviction for money laundering in that he utilized funds which had been generated from the sale of marijuana to purchase vehicles which were then used to facilitate the organization's drug trafficking activity. AUSA: Judith Lombardino; AGENCY: ODCETF, IRS-CID, DEA, Harris Co. Sheriff's Office, Houston PD, Texas DPS-Narcotics Division.

## D RUG TASK FORCE

**Organized Crime Drug Enforcement Task Force (OCDETF) is one of the oldest and most successful working group of local, state and Federal investigative agencies whose mission is to dismantle major drug organizations. Houston is headquarters for the Southwest OCDETF Region which includes Texas, Arizona, New Mexico and California border.**

### Drug Trafficker Sentenced to 27 Years

Eli Ramirez, 46, formerly of Rio Grande City was sentenced by U.S. District Judge Melinda Harmon to 27 years as a result of his conviction for his participation in drug trafficking and money laundering activities. Ramirez

### McAllen Businessman Sentenced To Over 12 Years For Drug Trafficking

A McAllen, Texas businessman, Antonio Artemio Valdez, 53, was sentenced by U.S. District Judge Ricardo H. Hinojosa to 151 months in prison. Defendant was convicted of conspiracy to possess with intent to distribute more than 1,000 kilograms of marijuana and possession with intent to distribute approximately 4,451 kilograms of marijuana. The case involved the distribution of multi-ton quantities of marijuana from the Rio Grande Valley of Texas to the vicinity of Atlanta, Georgia. Of the 15 persons indicted, Valdez was the only defendant to go to trial. In the jury trial witnesses testified that a vehicle had been loaded with 4,501 pounds of marijuana at the Valdez and Lopez Butcher Supply Company on Jackson Road, and that agents with the DEA discovered an additional 5,313 pounds of marijuana at the company warehouse.

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Other defendants have pled guilty and are awaiting sentencing. AUSA: Terry L. Leonard; AGENCY: DEA.

### **Prominent McAllen Attorney Sentenced to 70 Months For Drug Trafficking.**

Alfonso Sanchez Ibanez, a McAllen attorney was sentenced by U. S. District Judge Vela to 70 months in prison and agreed to relinquish all rights he had to a Suburban, a Lincoln Continental, an airplane and his law office as part of his plea agreement with the Government. Ibanez, 55, is a former member of the board of directors of the McAllen Independent School District and longtime Rio Grande Valley attorney with his offices located in McAllen. Ibanez, was arrested on December 14, 1999, and has remained behind bars since his arrest. During his plea, Ibanez admitted to concealing approximately two kilograms of cocaine in a local McAllen residence and of using his personal airplane to fly loads of marijuana from Edinburg to the San Antonio area. AUSA: Terry L. Leonard; AGENCY: FBI.

### **OCDETF Indictment: Ten Arrested In Drug And Money Laundering Conspiracy**

Ten people were arrested on a sealed indictment returned on May 10, 2000 by a federal grand jury in Houston. The indictment, now partially unsealed, charges fifteen defendants with conspiracy to possess with intent to distribute more than 1000 kilograms of marijuana and conspiracy to launder monetary instruments. During the course of the conspiracy, various law enforcement agencies performed multiple marijuana seizures totaling approximately 3,000 pounds in a conspiracy involving in excess of 6,000 pounds of marijuana. The money laundering conspiracy involved purchases of cars and homes facilitating the marijuana trafficking. Also, numerous wire transfers were conducted involving proceeds of the marijuana sales. The indictment arises from a two-year, Organized Crime Drug Enforcement Task Forces (OCDETF) investigation "Operation Cold Front". If convicted of the marijuana conspiracy charge, the defendants face life imprisonment and fines greater than \$500,000 or twice the value of the property involved in the transactions. AUSA: Eric Reed & Luis Martinez; AGENCY: FBI, DEA, IRS & South Texas Specialized Crimes and Narcotics Task Force of Kingsville, Texas.

### **Eight Charged With Crack Cocaine Distribution**

Seven defendants were indicted with the distribution of crack cocaine in Port Lavaca, Texas. An eighth defendant is charged by Criminal Complaint. The defendants were arrested by officers with the Calhoun County Sheriff's Department, the U.S. Marshals Service, and agents with the Federal Bureau of Investigation. If convicted they face up to 20 years in prison and a \$1 million fine. AUSA: Timothy G.E. Hammer; AGENCY: DEA, FBI, U.S. Marshal & Calhoun County Sheriff's Office.

### **Two Rio Grande Valley Men Sentenced For Drug Trafficking in OCDETF Case**

Benito Ybarra, of San Benito, and Juan Octavio Cienfuegos Ramirez, of Brownsville, were sentenced in a narcotics transportation case in Brownsville. U. S. District Judge Hilda J. Tagle sentenced Ybarra to 70 months and Ramirez to 24 months. The two defendants were part of an OCDETF investigation that culminated in the arrest of Manuel Mares Martinez. Ybarra and Ramirez pled guilty to possession with intent to distribute 570 pounds of marijuana. Mares-Martinez, the main target for law enforcement in this investigation, is awaiting sentencing on drug conspiracy charges that date back to 1996. Mares-Martinez is scheduled for sentencing in June. AUSA: Jody L. Young; AGENCY: OCDETF.



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## **E**conomic Crimes

### **Woman Pleads Guilty To Laundering Proceeds of Medicare Fraud**

Alice Joy Smith, 65, pled guilty laundering proceeds of medicare fraud. Smith was indicted in a twenty-nine count indictment charging her, along with her daughter and son-in-law with mail fraud, money laundering and obstruction of a criminal health care fraud investigation, Kathy and Stan Charnetski previously pled guilty to money laundering and mail fraud. Smith and the Charnetskis, who owned and operated Touch of Care Home Health, Inc., used the agency to bill hundreds of thousands of dollars of personal expenses to Medicare disguised as legitimate health care expenses. Salaries totaling approximately \$143,000 were paid to two of Smith's grandchildren, despite the fact neither individual ever worked for Touch of Care. As a result of the fraudulent billing of personal expenses, Touch of Care received a Medicare reimbursement check in excess of \$500,000. Smith and the Charnetskis will be sentenced before Judge Hughes on August 14<sup>th</sup>. Smith and Kathy Charnetski each face a maximum of 20 years imprisonment and a fine of \$500,000. Stan Charnetski faces 5 years and a fine of \$250,000. AUSA: Albert Balboni; AGENCY: FBI, HHS-OIG.

### **Defendants Plead Guilty in Three Separate Medicare Fraud Cases**

Carl Gustavus Matthews and Carolyn Joyce Watson McKinney pled guilty to a scheme of falsifying attendance and treatment records for patients and then submitting false claims for payment in excess of \$600,000. Judge Werlein Jr. has set sentencing for September 1<sup>st</sup>.

On May 19<sup>th</sup>, another healthcare case involving Medicare/Medicaid was resolved when five defendants pled guilty. Defendants, Jaime Olmo, Javier Olmo, Rosa Vidales, Godfried Sarpong and Nicholas Igbokwe pled guilty to healthcare fraud or attempts to coverup the crime. The defendants allegedly submitted false claims in excess of \$120,000. In June, Chargois Juan Eaden will be sentenced after pleading guilty to submitting false claims.

These cases highlight the current emphasis on tackling the continuing flood of false Medicaid/Medicare

claims submitted by physical therapy clinics. AUSA: Don Calvert; AGENCY: FBI & HHS-OIG.

### **Ghanaian Woman Defrauds Bank**

U.S. District Judge Lynn Hughes sentenced Christiana Fati, a 37 year-old Ghanaian citizen to forty-six months and to pay restitution of \$9,889.66 to Household Bank. Fati had previously pled guilty to defrauding Household Bank of Schaumburg, Illinois of over \$10,000 and of laundering the proceeds of the bank fraud through a demand deposit account in a false name at Bank of America. While Fati attempted to defraud several financial institutions and credit card issuers of almost \$40,000, the actual loss to Household Bank was about \$9,889.66. AUSA: John Wagner; AGENCY: Houston Area Fraud Task Force & U.S. Secret Service.

### **El Campo Woman To Pay Restitution To Dept. of Veteran's Affairs**

Shirley A. Fajkus, 59, was sentenced by U.S. District Judge Melinda Harmon for making false statements to an officer of the U.S. after she pled guilty. Judge Harmon sentenced Fajkus to five years probation, restitution of \$18,000 to the Department of Veterans' Affairs, a fine of \$2,500 and 1,000 hours of community service. Fajkus's false statements to the DVA were that she had no income, which, if true, qualified her to receive the \$48,000 in DVA benefits, based on her deceased husband's past military service. In fact, Fajkus had regular income of about \$1,200 per month from an established house cleaning business in the El Campo area, attending to elderly patients in her home, and had a successful Avon business. AUSA: Mike Schultz; AGENCY: Department of Veterans' Affairs.

### **Nigerian National Sentenced For Bank Fraud**

Christopher Titho Esene, 37, was sentenced by U.S. District Judge Lynn N. Hughes to a term of imprisonment for 11 months and 15 days and restitution to First USA Bank of \$4,041.94. Defendant was indicted for bank fraud against First USA Bank, N.A. Esene and his co-defendant, Owotade Valentine Adebawale, another Nigerian national who had been sentenced earlier by Judge Hughes, were defrauding First USA Bank, N.A. through a fraudulent credit card scheme. AUSA: John Wagner; AGENCY: FBI., U.S. Secret Service, INS., U.S. Postal Inspection Service & HPD.

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**Phony Investment Scheme**

John Colmant Rockett, 60, pled guilty before U.S. District Judge Vanessa Gilmore to two counts of mail fraud and seven counts of Interstate Transportation of Stolen Property. According to the plea agreement, Rockett devised a scheme in 1994 to defraud investors into investing in Pro-Tex Corporation, which allegedly was in the business of buying and selling tubular pipe. Approximately 200 investors invested over \$2.5 million in the phony investment. None of the investors' money was spent on any purchases or sales of pipe. Rockett will be sentenced before Judge Gilmore on August 14, 2000. He faces up to 15 years in prison and a fine up to \$250,000. AUSA: Charles Escher. AGENCY: FBI.

**Paralegal Convicted of Counterfeit U.S. Currency**

Wanda Terry (Swoden) Giancaterino, 43, of Pasadena and a former paralegal at several Houston area law firms, was convicted of manufacturing, transferring, and possessing approximately \$2,000 of counterfeit U.S. currency. Each of the counterfeit charges carries a maximum of 15 years in federal prison plus a fine of up to \$250,000. Giancaterino is also known by the aliases Billie Jean Parker and Billie Jean Davidson. At an unusual post conviction evidentiary hearing, Giancaterino's bail was immediately revoked by U. S. District Judge Melinda Harmon after she determined that Giancaterino was both a danger to the community and a flight risk. She was immediately taken into federal custody to await sentencing on August 18, 2000. Giancaterino's co-defendant, Guy Anderson, 38, pled guilty in this same case to 2 counts of possessing and passing counterfeit U.S. currency. Anderson, testified against Giancaterino at her trial. Anderson also has prior criminal convictions for DWI and drug offenses. AUSA: Mike Schultz; AGENCY: U.S. Secret Service & Pasadena P.D.

**Income Tax Refund Scheme**

A 53-year-old LaMarque woman was indicted by a federal grand jury for aiding in the filing of false income tax returns and obstructing the administration of the IRS laws. She was charged with fourteen counts of aiding and assisting the filing of false income tax returns and one count of obstructing and impeding the IRS from administering the tax laws. If convicted, she faces a

possible sentence of three years and a fine of \$250,000. AUSA: Albert Balboni; AGENCY: IRS.

**Attorney Indicted For Filing False Tax Returns**

A Houston attorney, was indicted on seven counts for filing fraudulent tax returns in which he attempted to evade a large part of his income tax due for 1992 through 1995. The indictment charges him with three counts of filing false corporate returns under declarations of perjury relating to calendar years 1993 through 1995. According to the indictment, in count one he filed an income tax return wherein he stated that his taxable income for 1992 was \$30,704.91, when allegedly he knew, his taxable income was \$594,498.54. The indictment further alleges that he paid \$11,830.07 in 1992 income taxes but that he should have paid \$178,776.78. AUSA: Julia Bowen Stern; AGENCY: IRS.

**Fraud Under Federal Workers Comp. Program**

A 33 year old Dickinson man has been charged by indictment in three counts with making false statements in connection with the receipt of benefits under the federal workers compensation program. The defendant faces a maximum penalty of 5 years imprisonment and a fine of \$250,000. AUSA: Cedric L. Joubert; AGENCY: U.S. Dept. of Labor & U.S. Postal Inspection Service.

**Houston**

**Man Indicted For Counterfeit Checks**

A federal grand jury indicted a 27 year old of making and possessing counterfeited and forged checks against two Houston banks, Bank One, N.A. and Preferred Bank, F.S.B. and with possessing implements destined for and intended to be used for counterfeiting. The maximum federal sentence the defendant faces is thirty years imprisonment and a \$750,000 fine. AUSA: John Wagner; AGENCY: FBI.

**Houston Woman Charged With Forging Bankruptcy Judge's Signature**

A 29 year old Houston woman was indicted for forgery of a judge's signature and for making false statements in a bankruptcy proceeding. The indictment alleges she filed a petition in the bankruptcy court in February, 1999 which deliberately failed to disclose the fact she had filed for

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bankruptcy four times in the previous 2 ½ years. The indictment also alleges that she forged the name of a U.S. Bankruptcy Judge on a document for the purpose of authenticating that document as an official court document. If convicted, she faces five years imprisonment and fined \$250,000 on each of the two counts. AUSA: Al Balboni; AGENCY: FBI.

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## CIVIL LITIGATION

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### Pediatrician Defrauds Medicaid

U.S. District Judge Nancy Johnson found that Dr. William Harold Mack, a Houston pediatrician, defrauded the Medicaid program by more than

\$230,000. A hearing on damages will take place in June. In the meantime, Mack faces removal from the Medicaid Program and any other government reimbursement program, as well as a possible challenge to his medical license. The Texas AG's Medicaid Fraud Control Unit joined the U.S. Defense Criminal Investigative Services in reviewing Mack's billing records. The investigation revealed a pattern of billing Medicaid and CHAMPUS for services not rendered. The bulk of the fraudulent billing related to Dr. Mack's failure to perform periodic blood screening tests mandated by the Texas Health Steps Program. These tests screen children for a variety of medical problems that can be treated if detected early, such as lead poisoning and sickle cell anemia. In addition, Mack billed Medicaid for additional services which were not performed such as strep tests, tympanometry screens and allergy exams. In most cases, the AG's office will investigate instances of Medicaid fraud and turn over their findings to the District Attorneys or U.S. Attorneys. In

To report suspected instances of Medicaid fraud, the Office of the Attorney General's Medicaid Fraud Control Unit may be contacted at (512) 463-2011. Additionally, such instances of fraud may be reported via e-mail at [mfcu@oag.state.tx.us](mailto:mfcu@oag.state.tx.us). All calls and correspondence are confidential.

1999, \$5.7 million in fines and restitution were ordered against fraudulent providers as a result of the Attorney General's investigations - a tremendous increase from the \$32,000 in fines and restitution ordered in 1997. AUSA: Michelle Zingaro; AGENCY: Texas Attorney General's Medicaid Fraud Control Unit, DOD IG;

### Medicare Fraud Settlement

The U. S. settled a civil False Claims Act matter with Missouri City, dentist Lance Quan Jue, D.D.S. arising out of alleged false claims the dentist presented to Medicaid for payment. According to the settlement, Dr. Jue submitted claims for reimbursement for juvenile Medicaid patients. Dr. Jue billed for full sets of X-rays not taken for 85 claims on 75 patients. Dr. Jue has paid \$17,500. to the United States and executed a corporate integrity agreement. AUSA: Jill Venezia; AGENCY: Texas Medicaid Fraud Control Unit.

### North American Pipe Corporation Settlement

North American Pipe Corporation (NAPCO) has agreed to settle allegations that the company supplied the government untested polyvinyl chloride pipe. NAPCO, a subsidiary of Westlake Chemical Company, will pay \$500,000 to settle claims that the company sold the untested pipe to the Defense Department and the Federal Bureau of Prisons. The company will also provide a 30 year warranty to loan and grant recipients from the Departments of Agriculture and HUD for selling pipe that had not been tested in conformance with applicable industry standards and government contract specs. The settlement resolves charges brought against NAPCO and the Westlake Chemical Company by Stan Price, an independent salesman who formerly sold pipe manufactured by the company. The case was brought under the whistleblower or qui tam provisions of the False Claims Act. Under the qui tam provisions of the Act, a private party can file an action on behalf of the United States and receive a portion of any recovery if the party satisfies certain requirements. Mr. Price will receive \$100,000 from the cash settlement and an additional \$300,000 from NAPCO. AUSA: Michelle Zingaro; AGENCY: DOD-CID, DOJ OIG; Dept. of Agriculture's OIG.

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**Swate v. Hyath**

Case filed against DEA agents arising out of a news crew riding along on a search of a business. Court of Appeals for the Fifth Circuit ruled that the agents are entitled to qualified immunity and thus not liable for monetary damages to the business owner. AUSA Robinson Gaither: AGENCY: DEA.

Federal and State Laws relating to Juvenile Records, Confidentiality and Information Sharing  
*Target Audience:* Campus Police (ISD/College), Municipal Police and Campus Administrators and Attorneys; 8 - noon, Houston

6/21 **School Safety Workshop; Dr. Bernie James**  
8 - noon, Corpus Christi

**Traylor v Henderson**

Employment discrimination case against the postal service. Traylor was terminated after harassing a coworker. The Court granted our motion to dismiss the case. AUSA: Michael Wynne and Elizabeth Karpati; AGENCY: U.S. Postal Service.

6/22 **School Safety Workshop; Dr. Bernie James**  
8 - noon, McAllen

6/10-13 **Annual LECC Fifth Circuit Conference - General Investigative Techniques**  
*Target Audience:* Federal, state and local law enforcement from TX, LA, & MS; San Antonio

**LECC CALENDAR OF  
UPCOMING EVENTS**

6/20 **School Safety Workshop; Dr. Bernie James**

7/18-20 **School Safety Seminar; Timothy Crowe**  
Crime prevention Through Environmental Design

*Target Audience:* Campus Administrators, Campus Law Enforcement, Municipal Law Enforcement, School Facility Planners, Architects; Corpus Christi

counterparts from Mexico; South Padre Island, McAllen

7/31-8/2 **School Safety Seminar; Mr. Timothy Crowe**  
CPTED Training; Houston

**7/19-21 Community Policing Training Train-the-Trainer**

Critical Roles and Responsibilities Under Community Policing; *Target Audience:* State & local law enforcement, W&S officers, other officers as space permits; Houston

8/15-18 **Community Policing Train-the-Trainer #2**  
Organizational Change Lessons - Tim Oettmeier and Mary Ann Wycoff; Active Listening - Hank Roubichek; Leadership Under the Context of Community Policing - John Lusardi  
*Target Audience:* Local law enforcement trainers, W&S community policing officers, other officers as space permits; Houston

7/25 **Asset Forfeiture Training;;** Bill Yahner, AUSA  
*Target Audience:* Federal, State and Local Law Enforcement from Laredo & Corpus Christi; Laredo

8/22-23 **Community Policing Training**  
Performance Evaluation - Tim Oettmeier and Mary Ann Wycoff  
*Target Audience:* Local law enforcement supervisory level; Houston

7/31-8/1 **Cross-border LECC Meeting with Law Enforcement Officials from Mexico,**  
co-sponsored by U.S. Attorney and Border Patrol,  
*Target Audience:* Federal, state and local law enforcement from Lower Rio Grande Valley and

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*For more information on training contact Lynette  
Ehler, Law Enforcement Coordinator at  
[lynette.ehler@usdoj.gov](mailto:lynette.ehler@usdoj.gov).*

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